



SFDR

Updated in February 2026

Updated in February 2026

REGULATORY EVOLUTION

In 2018 and 2019 EC launched several consultations to assess how asset managers should include ESG factors in their investment strategies in connection with MiFID II, UCITS and AIFMD. One of the 3 consultations aimed at guidelines to be followed by rating agencies. **EU Regulation 2019/2088** as of 27 Nov. 2019 was the first green regulation. It refers to **sustainability-related disclosures in the financial services sector** (SFDR). **Sustainable investment in short** is an investment approach by considering and incorporating **ESG** factors into investment decision

SFDR applies directly to financial market participants and financial advisers!!!
31 May 2022 - ESMA published a supervisory briefing on sustainability risks and disclosures in investment management area.

RTS (Regulatory Technical Standards) were amended/published several times to apply as from **1 January 2023** with Periodic Reporting.

After **EC proposals to suggest a categorization system**, **SFDR 2.0 was published on 20 November 2025.**

FOCAL POINTS

Sustainable investment is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable long-term returns.

Under SFDR, financial products **must be classified** under art. **6, 8 and 9** meaning respectively not considering ESG criteria, considering ESG criteria or having a sustainable investment objective.

SFDR needs to be read with six objectives of the framework regulation (**EU 2020/852** as of 18 June 2020 (the Taxonomy)).

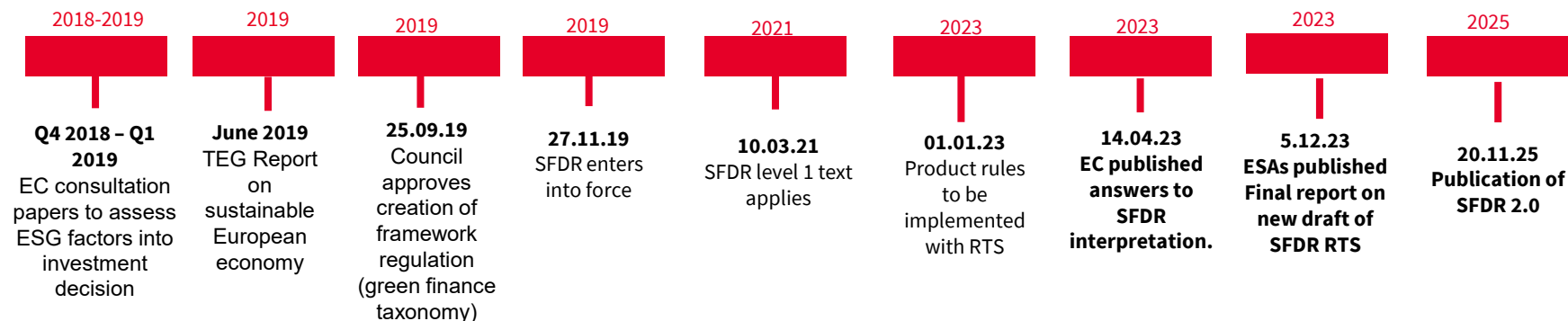
ESG and SRI (Socially Responsible Investment) are two faces of the same coin.

But the two should not be confused. **ESG** consists in bringing investment policies and products in compliance. **SRI** consists in bringing companies **in compliance with SRI criteria**.

Since 2019 main issue concerns ESG definition both wide and complex.

Once agreed on a clear and precise definition or methodologies, challenge is to find appropriate data/information, particularly in emerging countries where sustainability valuable index remains critical. Sometimes E and S are not compatible. There is no sustainability definition. Is **0% alignment** to the framework regulation **accepted** for products **art. 8 or 9**. ? The answer is Yes.

European Commission conducted consultations closing 15 December 2023 to review SFDR. Evolution into a product categorisation to potentially replace art. 8 and art. 9 classification and/or to reinforce reuse of labels.



- ❑ **9 Dec. 2019** Publication of SFDR in the Official Journal of the EU to apply on **10 March 2021**.
- ❑ **22 Oct. 2021** ESAs published new RTS to apply in ~~July 2022~~ **Jan 2023** instead of Jan 2022. First Reporting by June 2023.
- ❑ **6 April 2022** EC adopted SFDR RTS and submitted to the European Parliament and the Council. Final text published in the EU Official Journal on 25 July 2022.
- ❑ **Sept-Dec 2022** EC included nuclear and gas activities as new economic activities eligible to *green taxonomy*.
- ❑ After publication in the OJEU on 17 Feb 2023, amended SFDR RTS have entered into force on **20 Feb 2023**.
- ❑ 14 Sept – 15 December 2023 EC consultation on SFDR implementation and possible changes with a categorisation system for financial products.
- ❑ 3 May 2024 - Publication of the summary report of the public and targeted consultations on the implementation of SFDR.
- ❑ 14 May 2024 ESMA issued final guidelines on funds' names using ESG or sustainability-related terms. Apply to UCITS or AIFs whether disclosing under SFDR art. 6, 8 or 9.
- ❑ **November 2024 – ESMA Guidelines apply on the naming of funds using ESG or sustainability-related terms.**
- ❑ **Jan 2025** – EC proposals suggest a categorization system : sustainable, transition and ESG collection. All categories would include minimum criteria. Unclassified products would be forbidden to include ESG characteristics in marketing material. SFDR level 1 review expected for December 2025, RTS not before October 2027.
- ❑ **20 Nov 2025** - European Commission published amendments proposals for SFDR 2.0. The regime is shifting from a disclosure regime to a product categorisation regime.
- ❑ Adoption could reasonably be expected by **May 2027** with entry into force in **2028**.

FOR YOUR CONSIDERATION

Under the new proposal, funds are categorised into one of **three buckets**. Funds invested in companies that are ‘contributing to sustainability goals’ (including climate goals) would fall under a ‘sustainable’ category. A stand-alone transition category has been introduced, followed by an ‘ESG basics’ category – aimed at funds that do not meet the criteria of the first two categories but integrate ESG investment approaches.

In line with its simplification agenda, the EC **proposes eliminating several existing requirements**, such as the following:

- ❑ Portfolio managers and financial advisers **have been removed from the scope of SFDR**.
- ❑ Financial market participants will no longer be subject **to disclosure obligations regarding entity-level PAIs and the integration of sustainability risks in remuneration policies on their websites**.
- ❑ The definition of “sustainable investments” in Article 2, point (17) SFDR has been deleted, along with the existing “do no significant harm” principle and “good governance” requirements, now captured through the mandatory exclusions.
- ❑ Taxonomy-related disclosures will only be required for Article 7 and 9 products (see Section II) pursuing an environmental objective.
- ❑ Financial market participants may choose not to apply this Regulation to closed-ended financial products which were created and distributed before the date of application of this Regulation.

It is worth pointing out that SFDR 2.0 is not part of the Omnibus Package Directive which comprises CSRD, CS3D and the framework regulation the so-called green taxonomy.

Jean-pierre.gomez@sgss.socgen.com

If you want to know more, refer to
Fiche To Know More

“This document is for informational purposes only. Under no circumstance should it, in whole or in part, be considered as an offer to enter into a transaction. This document is not intended to have an advisory character or intended to represent an investment recommendation or a recommendation regarding a certain strategy, product or service. Although information contained herein is from sources believed to be reliable, Societe Generale makes no representation or warranty regarding the accuracy of any information and is not responsible for errors of any kind. Any reproduction, disclosure or dissemination of these materials is prohibited. The products and services described within this document are not suitable for everyone. This document is not intended for use by or targeted at retail clients. All of the products and/or services described may not be available in all jurisdictions”